

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

C

WS-01689A
Clear Springs Utility Company, Inc.
PO Box 85160
Tucson, AZ 85754

RECEIVED

APR 6 2 2008

P.C. CORP. COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY:

4-1-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Clear Springs Utility Company--Water Division		
Mailing Address 2102 N. Forbes, #107		
(Street)		
Tucson	AZ	85745
(City)	(State)	(Zip)
520-623-5172	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address		
Local Office Mailing Address Same as above		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address		

MANAGEMENT INFORMATION

Management Contact: Southwestern Utility Management, Inc.			
(Name)		(Title)	
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			
On Site Manager: Steve Siegfried			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent Bonnie O'Connor

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	1625	---	1625
302	Franchises			
303	Land and Land Rights	210	---	210
304	Structures and Improvements	27528	25559	1969
307	Wells and Springs	179951	126245	53706
311	Pumping Equipment	145009	121183	23826
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	138435	99296	39139
331	Transmission and Distribution Mains	307041	257963	49078
333	Services	107962	58703	49259
334	Meters and Meter Installations	77112	61384	15728
335	Hydrants	9850	9850	---
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	3274	3274	---
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	6727	6545	182
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1004724	770002	234722

This amount goes on the Balance Sheet Acct. No. 108

See Accountants' Report.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1625	---	---
302	Franchises			
303	Land and Land Rights	210	---	---
304	Structures and Improvements	27528	3.33%	68
307	Wells and Springs	179951	3.33%	1850
311	Pumping Equipment	145009	12.50%	3404
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	138435	2.22%	889
331	Transmission and Distribution Mains	307041	2.00%	1002
333	Services	107962	3.33%	1697
334	Meters and Meter Installations	77112	8.33%	1429
335	Hydrants	9850	2.00%	---
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	3274	6.67%	---
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	6727	5.00%	10
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1004724		10349

Less: Amortization of Contributions in Aid of Construction

(625)
9724

Depreciation for 2007 is calculated on O.C.L.D.

This amount goes on Comparative statement of Income and Expense Acct. No. 403.

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 78774	\$ 64222
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	11229	12606
146	Notes/Receivables from Associated Companies	6547	6547
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 96550	\$ 83375
	FIXED ASSETS		
101	Utility Plant in Service	\$ 966142	\$ 1004724
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(759653)	(770002)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 206489	\$ 234722
	TOTAL ASSETS	\$ 303039	\$ 318097

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$ 7588
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	21337	44677
235	Customer Deposits	65218	66279
236	Accrued Taxes	780	660
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 87335	\$ 119204
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 107676	\$ 103326
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	69026	68844
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	239743	239743
272	Less: Amortization of Contributions	(227237)	(227862)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 81532	\$ 80725
	TOTAL LIABILITIES	\$ 276543	\$ 303255
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 1000	\$ 1000
211	Paid in Capital in Excess of Par Value	1839934	1839934
215	Retained Earnings	(1814438)	(1826092)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 26496	\$ 14842
	TOTAL LIABILITIES AND CAPITAL	\$ 303039	\$ 318097

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 191417	\$ 166709
460	Unmetered Water Revenue		
474	Other Water Revenue	5100	1675
	TOTAL REVENUES	\$ 196517	\$ 168384
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	31312	28546
618	Chemicals	188	11
620	Repairs and Maintenance	7432	9515
621	Office Supplies and Expense	5086	3555
630	Outside Services	81665	97301
635	Water Testing	2401	4710
641	Rents		
650	Transportation Expense	9143	7576
657	Insurance -- General Liability		6355
659	Insurance -- Health and Life		
666	Regulatory Commission Expense -- Rate Case	170	
675	Miscellaneous Expense	275	
403	Depreciation Expense	8553	9724
408	Taxes Other Than Income		
408.11	Property Taxes	11521	5903
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 157746	\$ 173196
	OPERATING INCOME/(LOSS)	\$ 38771	\$ (4812)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 48	\$ 28
421	Non-Utility Income	439	417
426	Miscellaneous Non-Utility Income		
427	Interest Expense	(6125)	(7287)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (5638)	\$ (6842)
	NET INCOME/(LOSS)	\$ 33133	\$ (11654)

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	6/01/01	5/23/06		
Source of Loan	W.I.F.A.	W.I.F.A.		
ACC Decision No.	62583	68443		
Reason for Loan	Finance Water System Improvements	Finance Water System Improvements		
Dollar Amount Issued	\$ 80000.00	\$ 40640.00	\$	\$
Amount Outstanding	\$ 64315.19	\$ 39010.66	\$	\$
Date of Maturity	6/01/21	5/1/26		
Interest Rate	6.75%	6.38%	%	%
Current Year Interest	\$4104.63	\$2536.69	\$	\$
Current Year Principal	\$2841.37	\$1511.45	\$	\$

Meter Deposit Balance at Test Year End \$ 62292.50

Meter Deposits Refunded During the Test Year \$ 1824.50

COMPANY NAME

Name of System Clear Springs Utility ADEQ Public Water System Number (if applicable) 02-008

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603877	30	180	800	16	4	1964
55-604034	Not in Service					
55-502128	120	300	700	16	6	1982

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	2	73	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	3,000	1
		5,000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

See Accountants' Report.

COMPANY NAME	
Name of System	Clear Springs Utility ADEQ Public Water System Number (if applicable) 02-048

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603879	5	25	442	6		1966

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
		85	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	
Name of System	Clear Springs Utility ADEQ Public Water System Number (if applicable) 02-049

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-588414	7.5	40	505	8	2	2001

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
12,500	1	1,200	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME

Name of System Clear Springs Utility ADEQ Public Water System Number (if applicable) 02-050

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603880	3	18	560	6		1969

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	
Name of System	Clear Springs Utility ADEQ Public Water System Number (if applicable) 02-051

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603882	5	25	675	8/6		1970

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
12,500	1	1,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME

Name of System Clear Springs Utility ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Galvanized	200
3	PVC	360
4	PVC	3,050
5		
6	PVC	3,040
8	PVC	180
10	AC	6,985
12	AC	200
2	PVC	1,036
3	AC	10,698
4	AC	10,520
6	AC	34,195
8	AC	5,650

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	548
3/4	5
1	18
1 1/2	8
2	3
Comp. 3	2
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

None

STRUCTURES:

1313 Treasure Rd

OTHER:

6 Cylinder Natural Gas Pump Motor

2" Trash Pump

Compressor

Whacker Compressor

7 KW Generator

Note: If you are filing for more than one system, please provide separate sheets for each system.

See Accountants' Report.

COMPANY NAME:	Clear Springs Utility Company, Inc.
Name of System:	ADEQ Public Water System Number: 02-008

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	549	2644	3679	0
FEBRUARY	549	3271	3271	0
MARCH	550	2591	2956	0
APRIL	552	3042	3978	0
MAY	552	4033	4540	0
JUNE	552	4331	5086	0
JULY	552	4275	4774	0
AUGUST	552	3001	3396	0
SEPTEMBER	552	3079	3292	0
OCTOBER	552	2653	3301	0
NOVEMBER	552	2776	3175	0
DECEMBER	552	1958	3175	0
TOTALS →		37654	43692	0

What is the level of arsenic for each well on your system? 0.0030
(If more than one well, please list each separately.) 0.0030 mg/l

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

ADEQ Public Water System Number: 02-048

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	4	15	15	
FEBRUARY	4	12	19	
MARCH	4	25	30	
APRIL	4	35	41	
MAY	4	44	52	
JUNE	4	54	61	
JULY	4	48	55	
AUGUST	4	20	30	
SEPTEMBER	4	26	31	
OCTOBER	4	25	31	
NOVEMBER	4	31	37	
DECEMBER	6	13	18	
TOTALS →		347	419	0

What is the level of arsenic for each well on your system? N/A mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Name of System: ADEQ Public Water System Number: 02-050

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	7	8	8	
FEBRUARY	8	7	8	
MARCH	8	10	11	
APRIL	8	13	14	
MAY	8	28	30	
JUNE	8	23	23	
JULY	8	15	16	
AUGUST	8	14	16	
SEPTEMBER	8	10	11	
OCTOBER	8	14	15	
NOVEMBER	8	8	9	
DECEMBER	8	6	6	
TOTALS →		155	166	0

What is the level of arsenic for each well on your system? N/A mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Clear Springs Utility Company, Inc.

Name of System: ADEQ Public Water System Number: 02-051

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	9	195	195	
FEBRUARY	9	90	157	
MARCH	9	48	48	
APRIL	9	55	84	
MAY	9	97	100	
JUNE	9	97	100	
JULY	9	216	219	
AUGUST	9	71	77	
SEPTEMBER	9	74	77	
OCTOBER	9	88	91	
NOVEMBER	9	83	90	
DECEMBER	9	55	55	
TOTALS →		1168	1294	0

What is the level of arsenic for each well on your system? N/A mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

See Accountants' Report.

COMPANY NAME Clear Springs Utility Company--Water Division

YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2007 was \$ 5902.63

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

APR 10, 2008

PUDR- COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY OF (COUNTY NAME))	
Pima	
NAME (OWNER OR OFFICIAL)	TITLE
Bonnie O'Connor	Secretary
COMPANY NAME	
Clear Springs Utility Company--Water Division	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE

ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

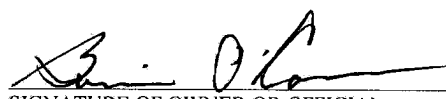
MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

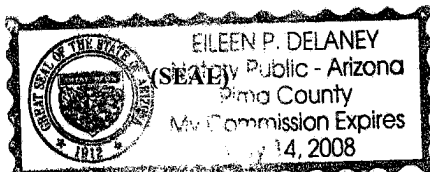
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL

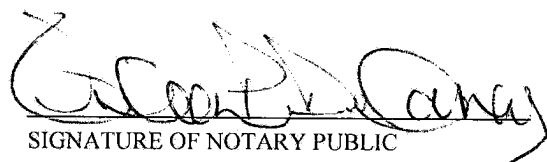
520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 28 DAY OF

COUNTY NAME	PIMA
MONTH	MARCH 20 08



MY COMMISSION EXPIRES May 14, 2008


SIGNATURE OF NOTARY PUBLIC

See Accountants' Report.

INCOME TAXES

For this reporting period, please provide the following:

Federal Taxable Income Reported	<u>S Corporation</u>
Estimated or Actual Federal Tax Liability	<u></u>
State Taxable Income Reported	<u>S Corporation</u>
Estimated or Actual State Tax Liability	<u></u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u></u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE


DATE

Bonnie O'Connor
PRINTED NAME

Secretary
TITLE

RECEIVED

APR 6 1 2008

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

TO: CLARK COUNTY
Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Pima
NAME (OWNER OR OFFICIAL) TITLE
Bonnie O'Connor, Secretary
COMPANY NAME
Clear Springs Utility Company--Water Division

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)
\$ <u>178939</u>

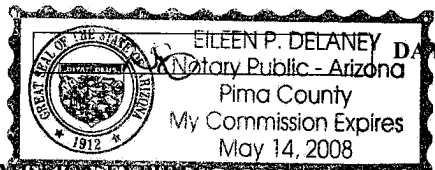
(THE AMOUNT IN THE BOX ABOVE
INCLUDES \$ 10555
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

[Signature]
SIGNATURE OF OWNER OR OFFICIAL
520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS  **DAY OF**
(SEAL) May 14, 2008
MY COMMISSION EXPIRES
See Accountant's Report.

COUNTY NAME
PIMA
MONTH <u>MARCH</u> 20 <u>08</u>

[Signature]
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED

APP 8 1 2008

CORP COMM
Director Utilities

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Bonnie O'Connor	TITLE Secretary
COMPANY NAME Clear Springs Utility Company--Water Division	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH 12	DAY 31	YEAR 2007
-------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 148959

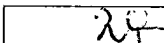
(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 8773
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

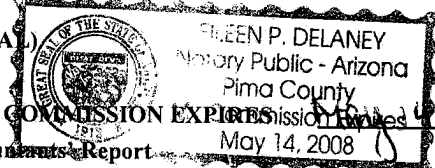

SIGNATURE OF OWNER OR OFFICIAL

520-1023-5172
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS**

 DAY OF

NOTARY PUBLIC NAME EILEEN P DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	2008

(SEALED) 
MY COMMISSION EXPIRES
See Accountants' Report


SIGNATURE OF NOTARY PUBLIC

HOLM, HESTAND & VALENZUELA, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA
EMMA K. HESTAND, CPA
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483
FAX: (520) 795-5191
E-MAIL: HHVCPA@EARTHLINK.NET

COMPILATION ENGAGEMENT REPORT

We have compiled the balance sheets of Clear Springs Utility Company--Water Division as of December 31, 2007 and 2006, and the related comparative statements of income and expense for years then ended, included in the accompanying prescribed form in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission--Utilities Division which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Holm, Hestand Valenzuela CPAs P.C.

March 25, 2008

2006 SECOND HALF PAYMENT COUPON

Due March 1, 2007
CLEAR SPRINGS UTILITY CO

905-32-278 3 0117555

Delinquency Date Second Half Payment
Penalty for late payment is 16% per year
prorated monthly as of the 1st day of the
month for payments postmarked after 5:00
P.M. May 1, 2007 (ARS 42-18052 and ARS
42-18053).



Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

TO PAY 2ND HALF

PAY

5,399.31

If your mortgage company makes your property
tax payments consider this notice as a courtesy
copy for your records only.



029053227800300000539931



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2006 9053227803 2 00000107986200000539931

2006 SECOND HALF PAYMENT COUPON

Due March 1, 2007
CLEAR SPRINGS UTILITY CO

905-32-270 9 0117554

Delinquency Date Second Half Payment
Penalty for late payment is 16% per year
prorated monthly as of the 1st day of the
month for payments postmarked after 5:00
P.M. May 1, 2007 (ARS 42-18052 and ARS
42-18053).

DETACH AND RETURN WITH PAYMENT



Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

TO PAY 2ND HALF

PAY

503.32

If your mortgage company makes your property
tax payments consider this notice as a courtesy
copy for your records only.



029053227000900000050332



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

2006 9053227009 2 00000010066400000050332

CLEAR SPRINGS UTILITY CO., INC.

WATER DIVISION
P.O. BOX 85160
TUCSON, AZ 85754
520-623-5172

WELLS FARGO BANK, N.A.
WWW.WELLSFARGO.COM
91-527/1221

2370

4/18/2007

PAY TO THE ORDER OF Marsha Bonham - Cochise Co. Treasurer

\$ **5,902.63

Five Thousand Nine Hundred Two and 63/100*****

DOLLARS

Marsha Bonham - Cochise Co. Treasure
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

Security features. Details on back.



MEMO:

002370 122210527815788196235

CLEAR SPRINGS UTILITY CO., INC.
WATER DIVISION

2370